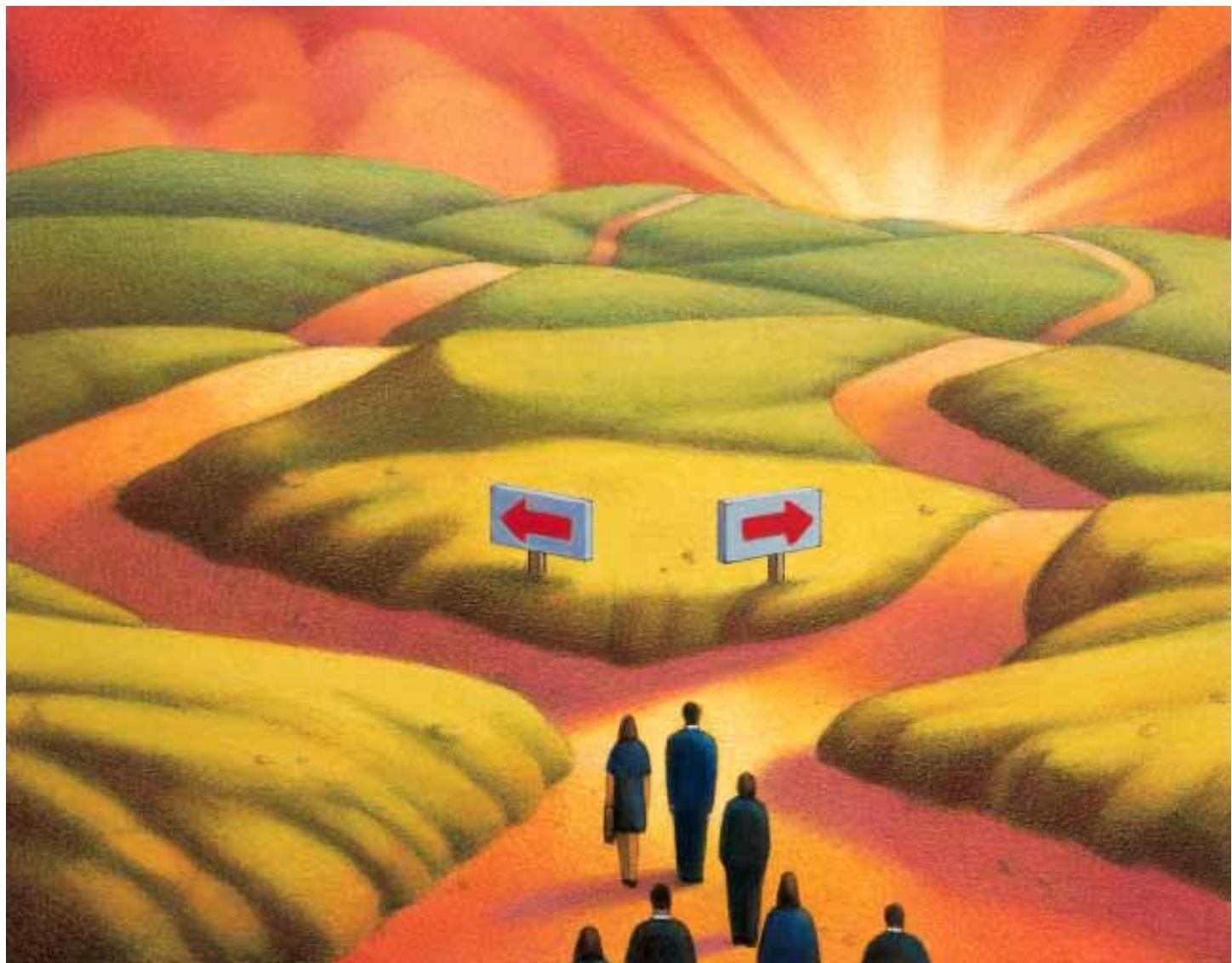


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FEBRUARY 2009



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## Foreword

In early December 2008, the University of Washington’s Center on Reinventing Public Education released its important study, *Facing the Future: Financing Productive Schools* ([www.crpe.org/cs/crpe/view/csr\\_pubs/251](http://www.crpe.org/cs/crpe/view/csr_pubs/251)). This six-year project, funded by the Bill & Melinda Gates Foundation, was the most comprehensive study of its kind ever conducted.

It concluded that America’s public-school finance systems are burdened by rules and narrow policies that hold local officials accountable for compliance but not for results. *Facing the Future* was the work of more than 40 economists, lawyers, financial specialists, and education policy makers. It included more than 30 separate studies, including in-depth looks at Ohio, North Carolina, Texas, and Washington.

After studying this report, we invited its lead author, Paul T. Hill, Corbally Professor at the University of Washington, director of that university’s Center on Reinventing Public Education, Senior Fellow at Brookings, and former senior social scientist at RAND, to develop a “crosswalk” between the key findings of *Facing the Future* and the policy recommendations in Ohio Governor Ted Strickland’s school funding plan.

We expected that the governor would highlight that plan (as well as his complete battery of education reforms) during his State-of-the-State Address on January 28, 2009. Additional details of *Reforming Ohio’s Education System for the 21st Century: Governor Ted Strickland’s Education Reform and Funding Plan* were made public in connection with the release of his biennial budget proposal on February 2, 2009.

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Here we proudly—and soberly—present Dr. Hill’s crosswalk, which will interest lawmakers, policy makers, journalists, and others concerned about the education of Ohio’s children. We hope this report helps to inform and enrich the debate swirling around Governor Strickland’s education reform plan and ultimately helps improve it.

We are profoundly appreciative of the swift, high-quality work of Paul Hill and his colleagues at the Center on Reinventing Public Education.

*Chester E. Finn, Jr., President  
Terry Ryan, Vice President for Ohio Programs and Policy*



## Introduction

Governor Ted Strickland's education reform plan, *Reforming Ohio's Education System for the 21st Century*, contains many laudable aspirations, including educating all children to world-class standards and smoothing out the bumps that knock so many students off course when they move between high school and college.

Unfortunately, the core of the governor's plan is a set of proposals for additional state spending in old categories and new school inputs that have little, if any, connection with the lofty aspirations that inspire the plan. Once one gets past the rhetoric, one finds that the main active ingredients in the governor's plan are spending increases geared toward helping schools and districts employ more administrators, teachers, and support staff. The plan would increase funding to buy, among other things:

- Additional core-subject teachers so schools throughout Ohio will have the same teacher-student ratios;
- Additional specialist teachers on top of core teachers;
- New teacher leader positions for all but the smallest schools;
- Assurance that every school will have a principal, clerk, building manager, secretary/administrative assistant, and media services staffer;
- Two new non-instructional aides for every elementary and middle school, and three (or multiples of three depending on school size) per high school;
- One wellness coordinator (nurse's aide) per school; and
- One guidance counselor allocated for every 250 students in middle and high school.

**The governor's plan is tight where it should be loose and loose where it should be tight.**

In addition, the governor would pay to lengthen the school year to 200 days, increase spending on professional development workshops for teachers, and increase state funding for pupil transportation.

No doubt, this plan can serve the purpose of protecting and (if the economic downturn permits) increasing jobs in K-12 education.<sup>1</sup> But will it lead to more effective schools? To better-educated children? The answer is almost surely no. Here's why.

## The governor's plan is out of focus

The governor's plan is tight where it should be loose and loose where it should be tight. Table 1 depicts how this works in practice.

Table 1

What's needed	Strickland Plan
Easy flow of people and money from less to more productive uses.	Ties up money in staffing at the school and district levels and mandates spending on programs (e.g., transportation) that have no link to student achievement.
Fair comparison of alternative uses of funds.	No provisions for encouraging tradeoffs between staffing and other uses of money.
Incentives for innovation.	No provision for experimentation with new approaches to instruction. Deliberate tilting of the playing field against charters and online schools.
Performance-based accountability.	No careful assessment of the student achievement results of using money one way vs. another.

*Where the plan is too tight.* If Ohio truly wants to provide an adequate education for all its children, it must be open to experimentation with different

<sup>1</sup> The governor's plan promises \$925 million in additional state spending on K-12 education over the next biennium to fund these additions. However, if the current fiscal crisis has the effects on education funding at all levels—federal, state, and local—that experts expect, the state could be left with new job slots to fill and no money to pay for them. (See: Roza, Marguerite, Projections of State Budget Shortfalls on K-12 Public Education Spending and Job Loss, Seattle, Center on Reinventing Public Education, Feb. 9, 2009.)

forms of instruction, different mixes of teacher salaries and other instructional assets like technology, and different uses of time. It should also encourage innovative instruction and new mixes of teacher-led instruction and on-line learning. It can't do those things by tying up all the money in salaries and paying on-line schools a fraction of what brick-and-mortar schools get for teaching the same subjects.

*Where the plan is too loose.* If Ohio wants its schools to improve, it must let money chase performance. To do that it must be tight and disciplined about closely measuring how much every student learns every year in every school—including community (aka charter) schools and on-line schools—identifying outliers, reproducing the highest performers, and replacing the least productive schools.

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## Moving from inputs toward continuous improvement

How can Ohio move from simply adding more costly education inputs toward an education system dedicated to continuous improvement? A process of continuous improvement is a process in which everything is on the table and nothing is a sacred cow. This is the way to move education forward over the long term. The key is to start from the four core principles listed in Table 1. Don't fund things that have no evidence of success, including specific staffing patterns and programs. Eliminate mandates—regulations, laws, and contracts—that force funds to be spent in particular ways across all schools regardless of student characteristics. At the same time, promote experimentation with unconventional forms of schooling (STEM schools, charter schools, Early College Academies, etc.), methods, technologies, and uses of time. And make sure innovators are rewarded by paying them for the results they get, not the methods they use.

Figure 1 shows that the Strickland plan comes out in the wrong place about how funds are to be allocated and used. The four-part schematic in Figure 1 below divides the options about how to fund and regulate schools. Along the vertical dimension, fi-

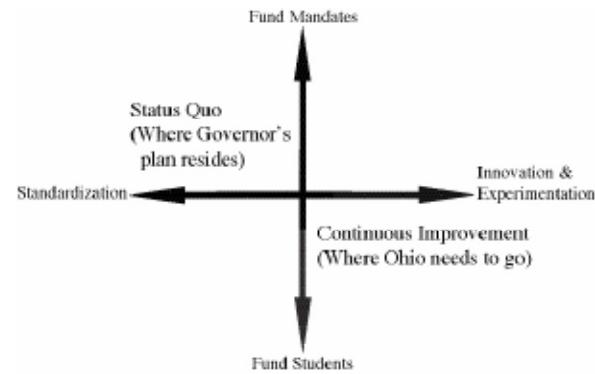
nancing options range from rigidity (funding mandates) to flexibility (funding students). Along the horizontal dimension, educational methods options range from standardization to innovation and experimentation.

The governor's *Reforming Ohio's Education System for the 21st Century* proposal is in the upper-left hand quadrant of Figure 1. There, funding is rigid, controlled by formulas, accompanied by mandates. It encourages a type of standardization at the local level that is reinforced by rules, regulations, and audit requirements.

Governor Strickland's proposals would prop up an outdated system of school finance that establishes funding levels based on convention rather than need, sustains institutions whether they work or not, spends money with little regard for results, and holds adults accountable for compliance not results.

The lower right-hand side quadrant of Figure 1 is where Ohio needs to go. Here financial flexibility promoted by a school finance system aimed at funding student needs meets a policy environment encouraging innovation and experimentation. The state can promote continuous improvement in local schools and learn as it goes.

Figure 1. The Strickland Plan Funds the Wrong Things



Ohio, and other states, can develop schools that truly educate all children effectively, but to do so it must embrace the continuous-improvement mentality that seeks flexibility and experimentation. To get to continuous improvement in its schools, Ohio cannot continue to insist on funding every program, administrative unit, and teaching job that exists—

and then adding more of them—which is precisely what the governor’s current plan does. Ohio needs to fund students, not teachers, administrators, or programs, and to measure performance at every level—district, school, and classroom—and let money and students flow from less to more effective uses.

## Missing evidence

Though Governor Strickland asserts that his school-funding model is evidence-based, in fact there is no proven link between what’s proposed and what’s effective in schools—or, for that matter, what Ohio’s schools and children actually need.

Ohio’s current school funding system should be replaced by a weighted-funding plan wherein per-pupil amounts are adjusted to the needs of individual youngsters and follow them to the public schools they chose to attend.

No state or community in the country has succeeded in raising even a majority of its poor and minority students up to minimum performance standards, or eliminating huge disparities in high-school graduation or college-going rates. The fact that a few individual schools have made great progress on these dimensions means the job can be done. But no one has been able to expand success from individual schools to whole districts and states.

Yes, some analysts claim that there is a connection between student achievement and class size, or between achievement and money spent coaching teachers who don’t know how to do their jobs. But those claims are based on hothouse demonstrations whose results are almost impossible to reproduce and have never worked on a large scale. So-called evidence-based measures like reducing class size have moved the needle slightly in places where they are implemented with great care, but no statewide class-size reduction program has brought similar benefits—though the dollar costs are always high.

Indeed, some statewide class-size reduction programs have had perverse effects, such as drawing experienced teachers from inner-city schools to suburban schools.

Other spending proposals, such as beefing up the rolls of school administrators, clerks, and building managers, have no known connection to student achievement.

The governor’s evidence-based model argues that such staffing additions will ensure that every Ohio child gets an adequate education—which is usually defined as educating every child well enough to allow her to choose between higher education and a career-ladder job. Would that it were so. Unfortunately, nobody can seriously believe that these additions will transform thousands of low-performing schools or rescue students who haven’t learned the basics. This actually flies in the face of the best-grounded findings about the links between state spending and school performance.

In December 2008, the most comprehensive study ever conducted of the link between school finance and student learning issued its conclusions. This Gates-funded report, *Facing the Future: Financing Productive Schools*, provided, in advance and without seeing the Strickland proposals, a devastating critique of them:

*What we have now is a finance system that is focused on maintaining programs and paying adults, not on searching for the most effective way to educate our children. This system doesn’t fit America’s needs. We haven’t figured out how to educate the growing number of poor and minority children effectively, but we finance and control schools as if we knew exactly how. Schools must adapt to the needs of a fast-changing economy, but our financing system ties up funds for the same courses and modes of teaching developed generations ago. Schools need to experiment with technologies that might change teacher and student work, but the financing system forces them to spend all their money on a fixed set of organizations, programs, and people.*

*Facing the Future* also throws cold water on Governor Strickland's proposition that existing research can show exactly how much a state must spend in order to guarantee every student an adequate education:

*Not knowing how to educate all children to high standards also means that we can't know what it will cost to do so. A process of continuous improvement, in which everything is on the table and nothing is a sacred cow, is the way to move forward over the long term. In a society that is always open to trial of new ideas, acceptance of innovation, and change or replacement of institutions that cannot keep up with new discoveries, K-12 education is the only one still stuck on the search for the one perfect solution.*

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As *Facing the Future* explains, Americans have important assets in the struggle to improve education for all pupils: we know where the problems are and we have the existence of models where minority students excel. But we lack proven methods to achieve needed results at scale.

## Funding children, not programs

Given that rather glum situation, what might most usefully be done? This is a situation ripe for the classic American process of openly searching for solutions, experimenting with plausible ideas, rigorously tracking results, and rejecting less-productive methods in favor of the most effective. That process, which *Facing the Future* calls continuous improvement, is how we got to the moon and learned how to treat AIDS and many forms of cancer. But we do it differently in education:

*How can states provide money for K-12 education in ways that encourage continuous improvement? Not by funding things whose value relative to plausible options is unproven. The answer is that states should fund something that is permanent, not changeable in light of evidence. Others might imagine different ways to do this, but we can think of only one: states should tie money to the one element of*

*the education system to which they should be unconditionally committed—students.*

To ensure that public monies are allocated fairly, efficiently, and accountably and are targeted at the differing needs of children, Ohio's current school-funding system should be replaced by a weighted-funding plan wherein per-pupil amounts are adjusted to the needs of individual youngsters and follow them to the public schools they choose to attend. This represents a fundamental shift in public-education finance and redirects money away from inputs such as paying for programs, administrative staff, buildings, and such toward paying for the education of children in the classrooms where they sit.

**Schools and systems that work best, especially for poor and disadvantaged youngsters, are not all alike: they use funds, teachers, students' time, materials, and technology very differently.**

Yes, that would be a fundamental change in how Ohio pays for public education. But that is precisely what Ohio needs if it seeks continuously improving, high-performance schools that serve all its children well. Governor Strickland's plan would prop up an archaic system of school funding based on one-size-fits-all inputs that have no correlation to student success and are rife with unintended consequences.

When money is instead tracked all the way to the school and student, everyone is surprised by the results. Per-pupil spending in schools even within the same district usually turns out to vary enormously—and students in low-income neighborhoods usually get the short end of the stick. Figure 2 shows how this works in the Columbus City Schools.

Figure 2 shows the per-pupil funding allocation for a sample of the Columbus schools in 2005-06; it shows the wide range in available resources from one school to the next. This variation might be justified if the better-funded schools were those attended by students with the greatest needs. But this figure shows that funding levels are only loosely related

to the proportion of a school's students that live in poverty.

The governor's plan would do nothing to address this system of intra-district inequity and in fact would help to perpetuate it.

## Status quo vs. continuous improvement

As in other fields where performance is unacceptable but higher performance is clearly possible, rules governing the use of funds must be eased up so that:

- Money and people can flow from approaches that are less productive to those that are more productive, where productivity is defined as student achievement per dollar spent.
- Potential innovators are encouraged to invest time and money developing new approaches.
- Fair comparisons can be made between conventional and new approaches.
- Performance improvement is the focus of accountability.

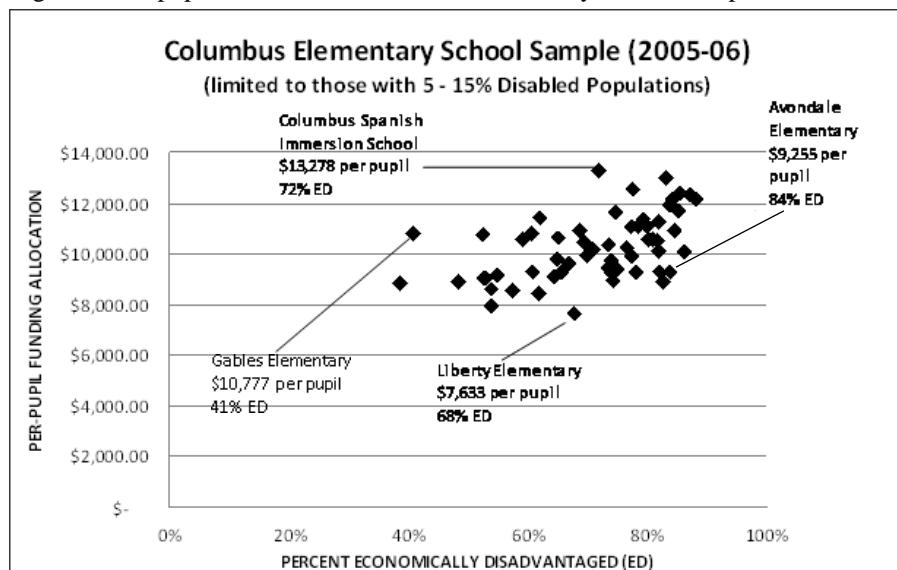
These conditions combine to create a process of continuous improvement. No arrangement is ever "good enough" simply because it satisfies stakeholders or avoids violating any laws. To the contrary, even the best-performing school, teacher, or instructional program should be assumed not to be the best possible. Every arrangement, even one that looks good at the present time, is subject to challenge and replacement by something better.

**The governor's plan uses new dollars to promote stasis, not continuous improvement.** It makes big bets on increased staffing, heavier administration, and additional mandates on uses of funds. Unfortunately, those bets are essentially shots in the dark: no other school system has improved detectably by using money in these ways.

Schools and systems that work best, especially for poor and disadvantaged youngsters, are not all alike: they use funds, teachers, students' time, materials, and technology very differently. Some take money out of administration to pay for materials, technology, and information systems to track results. Many go for longer days rather than longer years and allow principals to make trade-offs (e.g., adjusting class size according to student needs and teacher abilities, trading in some teacher or teacher-aide slots for money to buy new instructional pro-

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Figure 2. Per-pupil Allocations: Columbus Elementary School Sample



Source: Ohio Department of Education interactive Local Report Card

grams, trading in counselors for stipends to teachers who spend extra hours advising students). The best schools ignore class-size policies to maximize the number of students taught by the best teachers; with flexibility on the use of money, schools can pay the best teachers extra for the extra workloads they take on.

Schools that work, especially for disadvantaged students, do different things depending on the needs of individual students, the talents of teachers, and the availability of other learning opportunities in the locality (e.g., in community colleges and arts institutions).

## How to improve the governor's plan

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The governor and legislature could more effectively use Ohio's available resources to strengthen the performance of public education by:

- **Driving funds to schools based on student numbers and student needs.** The goal should be to deliver real budgets to local principals, which they should be responsible for allocating and managing within their schools. Legislators can use weighting to allocate extra money for disadvantaged children and others with particular needs. (*Facing the Future* also urges Congress to amend Title I so that its funds are allocated directly to the schools that eligible students attend).
- **Encouraging innovation and experimentation with the uses of funds and imaginative new instructional programs.** The governor and legislature should demand relentless innovation and school improvement, building on what works and eliminating what does not. The goal should be annual measurable improvement in school and student performance. They should also fund world-class data and analysis capacities, which are necessary supports for innovation and experimentation.
- **Holding schools and districts to account for student performance and**

**continuous improvement.** The legislature should re-mission school districts and the Ohio Department of Education to manage portfolios of schools on the basis of performance. Make superintendents and the State Superintendent of Public Instruction responsible for judging school performance and finding better options for children whose schools do not teach them effectively.

- **Gathering and using inter-connected data on the uses of funds and the results produced,** so that alternative methods of delivering instruction can be compared on cost and effectiveness.

A school finance system built for continuous improvement would not be blindly committed to online schools, chartering, vouchers, standardized curricula, class-size limits, or any other specific school reform. It would not assume that district-run schools are less effective than charters or vice versa, or that particular uses of time, money, staff, and materials are always better. Rather, the school finance system would minimize rules and constraints on use of funds so that new ideas could be readily tried. It would be wide open to experimentation, measurement of costs, performance oversight, and differentiation in uses of funds and instructional practice.

**Governor Strickland and Ohio lawmakers should modify their current course of direction. It is not too late to take a decent plan and make it great.**

Continuous improvement does not guarantee instant success. Nothing does. What is certain is that without changes of the sort outlined here and a continuous process of evaluating our progress and making needed adjustments, Ohio is unlikely ever to reach its praiseworthy goal of an adequate education for all students. Governor Strickland and Ohio lawmakers should modify their current course of direction. It is not too late to take a decent plan and make it great.





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